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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Audit of the Office of the United Nations High Commissioner for Human Rights Field Operation in Rwanda

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B of 29 July 1994, and paragraph 7 of General Assembly resolution 54/244 of 23 December 1999, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General, Overseer of the Office of Internal Oversight Services, on the audit of the Office of the United Nations High Commissioner for Human Rights Field Operation in Rwanda.

2. The Secretary-General takes note of its findings and concurs with its recommendations. The Secretary-General also notes that the Human Rights Field Operation in Rwanda was the first such mission to be undertaken by the Office of the United Nations High Commissioner for Human Rights (OHCHR) and welcomes the initiative taken by the Office of the High Commissioner to draw insight from lessons learned during the operation.

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Report of the Office of Internal Oversight Services on the Office of the United Nations High Commissioner for Human Rights Field Operation in Rwanda

Summary

The Human Rights Field Operation in Rwanda was established by the Office of the United Nations High Commissioner for Human Rights (OHCHR) in September 1994 to carry out a variety of human rights activities. From inception through its closure in July 1998, the Operation's expenditures totalled $30.2 million. This was the first human rights field operation and OHCHR indicated that it was keen to absorb lessons from it. At the request of OHCHR, the Office of Internal Oversight Services (OIOS) carried out an audit of the Field Operation in Rwanda from September 1998 to February 1999.

Since completing the audit of the Rwanda Operation, OIOS has, also at the request of OHCHR, conducted audits of OHCHR headquarters field support services and its field operations in Burundi and Colombia. OIOS is reporting separately on the results of its audit of the Field Operation in Rwanda because of the significance of the problems identified and the lessons to be drawn. The report also provides OHCHR management with the opportunity to comment on progress made in implementing OIOS recommendations and strengthening controls at other field operations.

Results in brief

The audit determined that the internal controls of the Field Operation relating to finance, personnel, procurement and property management either were not in place or did not function effectively. There were also serious breakdowns in communications and cooperation between the field and headquarters. Based on the audit results, OHCHR recognized that it needed to fundamentally change the administration of its field operations to improve management accountability.

Specifically, the audit disclosed the following:

- OHCHR headquarters oversight and controls were inadequate. Some field staff lacked the necessary skills and experience, were not adequately trained and had not received sufficient guidance from the Office. The Field Operation's administrative support arrangements were not clear and OHCHR headquarters administrative staff made no field visits to monitor its activities.
- The Rwanda Field Operation had not established internal controls, nor had standard operating procedures been implemented. OHCHR has since sought to regularize contacts with United Nations oversight bodies to ensure that major field operations are audited regularly.
- The financial management system of OHCHR had not been fully established and did not function properly, thereby exposing the Field Operation to a considerable risk of fraud. Moreover, the system for processing inter-office vouchers was seriously deficient and, as a result, vouchers from 1996 totalling $2.5 million could not be cleared.
- The Field Operation lacked accountability in handling cash. Cheques for project

activities amounting to over $65,000 had been issued to individual staff members without adequate reporting procedures and controls.

- The Field Operation implemented projects worth approximately $1 million financed by different United Nations entities, without the knowledge of, or authorization from, OHCHR management in Geneva.
- Posts were not classified and post level determinations were not based on an approved staffing table.
- Procurement actions in the field deviated widely from standard United Nations practices. Suppliers of goods and services were selected without specific criteria or procedures and contracts for relatively large amounts were awarded without calling for bids or proposals.
- OIOS could not establish accountability within the Rwanda Field Operation for vehicle maintenance services and approximately $330,000 in vehicle maintenance charges billed by the Office of the United Nations High Commissioner for Refugees (UNHCR) had not been settled at the time of the audit. OHCHR has since established an audit implementation team, which has been pursuing the payment of the outstanding maintenance bills.
- The Rwanda Operation did not establish an adequate property management system for its non-expendable property valued at approximately $2 million. Further, a local property survey board was not established until less than one week before the closure of the Operation and OIOS questioned the thoroughness with which the board reviewed 177 cases pending since 1995. OHCHR advised OIOS that the audit implementation team has followed up on these issues.
- Liquidation planning and allotment controls were inadequate. Expenditures for the period ending 31 December 1998 exceeded allotments by more than $220,000 during the liquidation phase. Also, there were discrepancies in the amounts of property transferred and sold to other OHCHR operations and other United Nations entities.

Recommendations

Although the Human Rights Field Operation in Rwanda has already closed, in the view of OIOS the Office of the United Nations High Commissioner for Human Rights (OHCHR) has benefited from the lessons learned and the related recommendations resulting from the OIOS audit. OIOS recommended, *inter alia*, that OHCHR management:

- Establish systems to regularly monitor and review the efficiency and effectiveness of internal controls at OHCHR field operations.
- Reassess the systems for reviewing, recording and reporting field operation financial data and develop procedures to improve internal controls over the processing of OHCHR field transactions.
- Establish in all field operations the controls necessary to properly account for OHCHR property. This should include ensuring that cases involving the loss and damage of equipment are regularly presented to the appropriate local and Headquarters-level property survey boards for review.

- **Ensure that liquidation plans are prepared well in advance and that adequate procedures are in place for archiving documents and records.**

OHCHR management agreed to implement these and several other OIOS recommendations designed to improve field operations and has established an audit implementation team to follow up on each recommendation. Further comments from OHCHR management on the progress made in implementing OIOS recommendations are contained in the annex to the present report.

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I. Introduction

1. The Human Rights Field Operation in Rwanda was established by the Office of the United Nations High Commissioner for Human Rights (OCHCR) in September 1994 as part of the international community's response to the emergency resulting from the human, social and economic devastation following the massacres and genocide that took place in Rwanda in 1994. This was the first field operation to be established by OHCHR. The Operation's general mandate was to carry out activities related to the promotion and protection of human rights and to investigate the human rights situation in Rwanda. The Operation was headed by a Chief of Mission, who reported to the High Commissioner. In addition to its headquarters in Kigali, the Operation maintained six sub-offices throughout the country.

2. Total contributions to the Rwanda Operation Trust Fund amounted to $31.8 million and expenditures totalled $30.2 million. International staffing reached a peak level of 140 in February 1997. The Operation was closed in July 1998.

3. The objectives of the audit, which had been requested by OHCHR with a view to benefiting from lessons learned during the operation, were to: (a) review the adequacy of the Operation's internal controls to ensure the proper accountability and compliance with relevant United Nations regulations and rules, administrative instructions and other guidelines; and (b) assess whether value for money was attained in the use of available resources. The audit was performed in Nairobi, Kigali and at the OHCHR headquarters in Geneva, between September 1998 and February 1999. The audit focused largely on transactions and events that took place in 1997 and 1998.

4. A draft of the present report was made available to responsible officials of OHCHR for review. OHCHR officials also responded to the final audit report, dated 8 September 1999. The comments of the Office have been taken into account and are identified in the report by the use of italics.

5. The Rwanda Operation was the first large human rights field mission. At the outset, the Operation received administrative support from the United Nations Assistance Mission for Rwanda (UNAMIR), but after the liquidation of UNAMIR, all financial and administrative systems of the Operation had to be established independently. The Operation also experienced difficulty because of the lack of continuity of leadership and related management problems. From September 1994 to July 1998, there were six different Chiefs of Mission. The Operation also functioned under extremely difficult conditions, particularly after the brutal killing of five United Nations staff members in 1997.

II. Overall management problems

A. Unclear administrative arrangements

6. Administrative support arrangements for the Operation were not clear and OHCHR did not have a formal signed agreement with the United Nations Development Programme (UNDP), which provided some administrative services, mainly in the financial area. Although there was an exchange of correspondence between OHCHR and UNDP concerning administrative support, UNDP staff in Kigali indicated that they were not fully aware of these arrangements.

7. Standard operating procedures had not been established and it was not clear what administrative guidance and procedures Rwanda Operation managers were using. Also, key plans crucial to the security of field staff, such as the emergency security evacuation plan, the medical evacuation plan and the liquidation plan had not been formulated.

8. Although several attempts were made by the local administration to address these issues, it was apparent that the staff in the field did not possess sufficient management expertise to implement corrective action and that more guidance from OHCHR headquarters was needed in this regard. *OHCHR management indicated that a publication entitled "Guidelines for field staff of OHCHR" has already been drafted and is being finalized for issuance to all field offices and to administrative staff and substantive desk officers at headquarters.*

B. Need for increased monitoring by OHCHR headquarters

9. Administrative staff from OHCHR headquarters made no field visits to monitor Rwanda Operation activities. Such monitoring reviews from OHCHR headquarters or from other United Nations entities would have been beneficial, particularly in light of the Operation's difficulties in recruiting qualified staff with the necessary administrative and management skills and experience. OIOS also believes that OHCHR management needs to reinforce and regularize contacts with relevant oversight entities to ensure that major field operations are regularly audited.

10. There was no documentation available to indicate that the Chief of the Rwanda Operation Administrative Unit had established internal control systems for the areas under his direct supervision. The Chief advised that he did not deal with the financial aspects of projects administered by the Operation and that he only had limited knowledge of financial controls. He also stated that he had not received any instructions concerning the requirements of the asset control system. This situation was compounded by the lack of adequate oversight and control from OHCHR headquarters. Thus, in the view of OIOS, both OHCHR headquarters and the Rwanda Operation administration shared responsibility for the above deficiencies.

11. *OHCHR management stated that it has initiated a full review of OHCHR administrative policies and procedures and that steps had been taken to strengthen control systems relating to finance, personnel, procurement and security at OHCHR headquarters. Management had also requested that all major field offices be regularly audited and that OHCHR financial control procedures be reviewed.*

III. Ineffective financial control procedures

A. Accounting and financial reporting systems not properly established

12. OHCHR had not established systems requiring the review of original supporting documentation for financial transactions. In the view of OIOS, retention and review of original supporting documentation constitute vital elements of management control. However, OHCHR exposed itself to a considerable risk of fraud by failing to retain and review original documents. The system used for processing inter-office vouchers was also seriously deficient. Since staff responsibilities for processing the vouchers were not clearly defined, documents were held for long periods at OHCHR headquarters before being submitted to the Financial Resources Management and Electronic Service of the United Nations Office at Geneva for recording. As a result, inter-office voucher entries for 1996 amounting to $2.5 million could not be processed to the clearing account.

13. Major elements of the Rwanda Operation's financial system, including accounts receivable and accounts payable, had not been established and certifying functions had not been formalized. The Operation also lacked accountability in handling cash. For example, at the time of liquidation in July 1998, 1.6 million Rwandan francs (RWF) ($5,246) was discovered in a safe. These funds were left over from a 1997 promotion project, but had not been properly accounted for. The Finance Officer, who was also the petty cash custodian, had left the Operation without closing or handing over the petty cash account.

14. *OHCHR management agreed to determine the reasons for the inadequacy of reviewing, recording and reporting financial data and to ensure the establishment of financial control systems for all future missions. Management also requested the assistance of the Department of Management and OIOS in this area. They indicated that certifying authority for locally incurred expenditures had been given to the Chief of the Rwanda Field Operation by the United Nations Office at Geneva, within the limits, amounts and objects of expenditure contained in the miscellaneous obligating documents issued to the operation.*

B. Accounting for the receipt and use of contributions not institutionalized

15. The Rwanda Operation concluded seven memoranda of understanding with UNHCR to enhance cooperation in the field and to avoid duplication in various educational, cultural and other project areas. However, due to a breakdown in communications, the OHCHR Administrative Section in Geneva had not been made aware of the projects covered by these agreements. Based on these agreements, the Rwanda Operation implemented projects valued at

approximately $1 million financed by UNHCR and other United Nations entities without providing relevant information concerning these projects to OHCHR headquarters, and without being specifically authorized to receive and disburse these funds.

16. Under this cooperative arrangement, UNHCR issued cheques directly to the staff of the Rwanda Field Operation without specific reporting procedures. Officials of UNHCR in Kigali confirmed that staff of the Field Operation had been issued cheques for various purposes. These included a cheque dated 23 June 1997 in the amount of $38,878 for certain salaries and project costs; and a cheque dated 7 August 1997 for $26,801 to cover various expenses. The absence of clear procedures to ensure accountability for funds advanced to staff represented a serious risk of abuse. However, no actual cases of abuse were identified by the audit.

17. The Operation eventually informed OHCHR management about the need to institutionalize these projects and the related disbursement of funds. Subsequently, the Operation stopped implementing these projects because there was little interest among the other agencies in continuing this arrangement once they were advised that the funds would have to be officially channelled through OHCHR headquarters.

18. *OHCHR management stated that when OHCHR headquarters was informed that the Rwanda Operation had developed projects to be financed by UNHCR, it issued appropriate instructions to the Rwanda Operation concerning the proper handling of contributions and subsidies from other agencies. These amounts were to be forwarded to the United Nations Office at Geneva, which would establish the necessary receipts, transfer the funds to the project and issue separate allotment advices for these activities. OHCHR management also agreed with the need to strengthen controls in the disbursement of funds and instructed the Administrative Section to rigorously implement an OIOS recommendation calling for corrective action in this area. The OHCHR Administrative Section had also requested the former Rwanda Operation staff member to explain these activities.*

IV. Inconsistent application of entitlements and failure to classify posts

19. Certain 100 series entitlements had been applied inconsistently, sometimes resulting in non-payment of hardship and mobility allowance, family visit travel and education grant and in payment of reduced allowances for the shipment of personal effects. These situations resulted in numerous complaints to OHCHR management and ultimately to the United Nations High Commissioner.

20. Rwanda Operation posts were not classified and it was difficult to ascertain why certain post levels were granted. In practice, post level determinations were not based on an approved staffing table, but rather on management decisions made in the field and negotiations with the job candidates. As a result, some Rwanda Operation staff were supervising individuals at higher grade levels. OHCHR also needs to improve the qualifications of its field staff by exploring ways to broaden the base of candidates.

21. *OHCHR management pointed out that the Personnel Service of the United Nations Office at Geneva was responsible for recruiting and administering Rwanda Operation staff and was thus responsible for intervening in cases where it found that 100 series staff rules had not been applied consistently. OHCHR officials assured OIOS that, in the future, such problems would be avoided by using the 300 series rules for limited duration contracts. Also, OHCHR has recently decided to establish an Advisory Panel on Personnel Issues, which will perform the screening of personnel.*

V. Procurement and other administrative issues

A. Procurement controls not established

22. The OIOS review of procurement records and payments for 1997 and 1998 showed that the Rwanda Operation had selected suppliers of goods and services without specific criteria or procedures. Contrary to United Nations Financial Rules, contracts for relatively large amounts were awarded without calling for bids or proposals. As a result, goods and services were procured at the discretion of responsible officers

without adequate controls to ensure they were subject to competition. Furthermore, procurement files were not properly maintained and purchase orders were not consecutively numbered, which constituted a serious risk of abuse.

23. The audit also identified several other procurement control problems and questionable procurements. For example, during the first five months of 1997, three staff members abused the fuel ration coupon system and illicitly obtained more than 10,000 litres of diesel fuel valued at almost $4,000. Also, office furniture valued at $22,367 was requisitioned by the new Chief of Mission on an immediate operational requirement basis four months before the end of the Rwanda Field Operation. The furniture had been procured in Nairobi and shipped by air to Kigali. According to chapter 14, section IX, of the Field Administration Manual, procedures for immediate operational requirements should only be used in emergency situations involving the procurement of such items as sandbags, barbed wire and cement. OHCHR management indicated that it was not known at the time of this purchase that the operation would end within four months time.

24. OIOS could not locate any records or detailed procedures to establish accountability within the Rwanda Operation for vehicle maintenance services, which had been provided through UNHCR. A memorandum from the UNHCR representative in Kigali dated 17 December 1997 noted that the Rwanda Operation was some $330,000 in arrears for vehicle maintenance services and requested that this amount be settled. The Rwanda Operation liquidation team could not provide any documentation concerning vehicle maintenance expenditures and the $330,000 owed to UNHCR remained outstanding at the time the audit was completed.

25. *OHCHR management stated that the petrol supply system failed because it was not closely monitored. Two of the employees responsible for abusing the system were immediately separated and the third left the Operation before the end of his contract. Alternative procedures are now being used in this area. With regard to the procurement of furniture, management stated that the last Chief of Mission has been requested to explain the procurement cases in question. OHCHR management stated that the $330,000 payment requested for vehicle maintenance services could not be settled in the absence of invoices and relevant supporting documentation. Also, there was a discrepancy in the amount charged for vehicle maintenance, which was being investigated. OHCHR indicated that it had repeatedly asked UNHCR for the relevant information, the latest attempt being a reminder memorandum sent on 17 February 2000. According to OHCHR, no reply to this request had been received.*

B. Failure to control non-expendable property

26. OIOS estimated the value of the Rwanda Operation's non-expendable property at more than $2 million. However, appropriate systems had not been implemented to identify property inventory balances at any point in time or to track the assignment of property during the life of the Operation. Monthly non-expendable property reports were not prepared and year-end physical inventories were not taken. Also, relevant property records had not been submitted to OHCHR headquarters.

27. The OIOS review showed that the authority to establish a local property survey board was requested and approved by OHCHR headquarters when the Operation had only three working days left before its closing. The board held its first meeting on 30 July 1998, although most personnel had left the area on 28 July 1998. During this meeting and another one held on 2 August 1998, the board reviewed 177 cases that were pending since 1995. OIOS questions whether a meaningful review of these cases could have been carried out within such a limited amount of time given the lack of complete information for many of the cases.

28. OIOS examined 25 cases that were reviewed by the board but that were still pending in February 1999. OIOS was informed that these cases involved negligence on the part of Rwanda Operation staff members that were pending final determination of their liability for the property losses at the time of the audit.

29. *OHCHR management concurred with OIOS recommendation 6 (see para. 37 below) concerning the need for clear instructions on controlling non-expendable property and has requested assistance from the Department of Management and OIOS to implement this recommendation. OHCHR noted, however, that instructions on the receipt, management and disposal of United Nations property were*

circulated to all heads of OHCHR field offices on 10 December 1999 and were included in the guidelines for field staff of OHCHR, now being finalized, and also contained in the Financial Regulations and Rules of the United Nations, which had been made available to the Rwanda Operation. OHCHR pointed out that the Rwanda Operation had been provided with relevant logistics manuals by UNAMIR. OHCHR management reported that, as of December 1999, it had processed 173 of the 177 pending cases and that $40,659 of the $41,075 attributable to staff negligence had been credited to the OHCHR account. For cases involving United Nations Volunteers, OHCHR had requested that the recoveries be effected by the United Nations Volunteer Programme.

C. Inadequate system to recover the costs of private telephone calls

30. The system in place for recovering the costs of private telephone calls was weak and, as a result, amounts due from staff were not properly recorded or recovered. The Chief of the Administrative Unit of the Rwanda Operation estimated that approximately 50 per cent of the international calls were made for private purposes. Applying a more conservative 40 per cent estimate, OIOS calculated the amounts attributable to private calls to be approximately $34,700 in 1997 and $24,100 in the first eight months of 1998. However, the audit showed that only 17 per cent of the estimated costs of private calls was recovered from staff in 1997 and a mere 6 per cent in 1998.

31. The head of the Rwanda Operation liquidation team stated that the telephone records were apparently lost while being transported from Kigali to Nairobi and that recoveries could only be made if these records were reconstructed, which was no longer possible. *OHCHR management accepted OIOS recommendation 7 (see para. 37 below), but indicated that procedures for authorizing and logging international calls had been in place since March 1995, and that inter-office voucher reports for the years 1996 to 1998 showed that charges for private telephone calls had been recovered in a number of cases. However, the percentages cited in paragraph 30 above stand as evidence that a substantial portion of the costs were not recovered.*

VI. Inadequate liquidation planning

32. Liquidation is a complex logistical undertaking and timely preparations are crucial to success. Liquidation planning should actually begin when the initial deployment phase is completed. Normal United Nations practice calls for preparing a comprehensive liquidation plan and budget. Although preparing the liquidation budget was mentioned in the Rwanda Operation liquidation team's list of tasks, the budget was not provided to OIOS for review.

33. OIOS also noted that financial planning of the liquidation process needed improvement. The allotment report for the liquidation period that ended on 31 December 1998 showed a negative balance of $227,447. *OHCHR management stated that sufficient financial resources were made available under the Trust Fund for the Human Rights Field Operation in Rwanda to cover liquidation costs.* However, OIOS notes that, due to inadequate planning, the allotments were not issued in a timely manner, thereby resulting in overexpenditures.

34. Available documentation also showed that $310,680 worth of equipment from the Rwanda Operation was either sold to various United Nations system entities or transferred to other OHCHR operations. During its follow-up work in Geneva, however, OIOS was not able to confirm that reimbursements from these organizations had been credited to the Rwanda Operation account.

35. Further, although agreements with other agencies were signed, the property listings and the signatures certifying the receipt of property and the correctness of prices were not always consistent and attached to the agreements. For example, the records attached to the agreement with the International Criminal Tribunal for Rwanda stated that equipment worth $97,439 was sold to the Tribunal, but another document stated that Tribunal officials only acknowledged receipt of equipment valued at $7,497, or less than 8 per cent of the overall amount sold. The responsible officials could not explain this discrepancy.

36. *In responding to the audit report, OHCHR management stated that, according to their records, the value of equipment redeployed from the Rwanda Operation amounted to $356,900, with equipment valued at $276,000 being transferred to other OHCHR field operations and to OHCHR headquarters.*

Management agreed to follow up on amounts to be reimbursed by various United Nations entities for the equipment they were provided and stated that several reminders have been sent to the organizations concerned.

VII. Recommendations

37. OIOS made the following recommendations,[1] which, taken with the lessons learned from the Rwanda Operation, should help OHCHR to strengthen management controls and improve the overall administration of similar field operations. *OHCHR management has accepted all of the audit recommendations and has taken corrective actions as discussed below and throughout the present report.*

Recommendation 1. OHCHR management should: (a) establish systems to regularly monitor and review the effectiveness of the internal controls for field operations; and (b) develop a structured briefing programme on internal controls for the chiefs of administration of OHCHR operations and provide briefings before these individuals are sent to the field (Recommendation No. AE1998/86/1/002 and 004).

OHCHR management advised OIOS that a briefing programme was being established so that all new staff will be briefed on United Nations financial rules and administrative procedures before they are assigned to field offices.

Recommendation 2. OHCHR management should reassess its system for reviewing, recording and reporting field operation financial data and should establish procedures to clarify the certification process. OHCHR management should also coordinate with UNDP and other United Nations agencies that provide administrative and financial services to OHCHR field operations in developing procedures to improve internal controls over the processing and reporting of OHCHR field transactions (Recommendation No. AE1998/86/1/005).

OHCHR management stated that field activities are now being executed systematically by carefully selected OHCHR staff within the budget allocations and in full compliance with United Nations Financial Rules.

Recommendation 3. OHCHR management should instruct all field operations on the recording and use of resources and should regularly review the administration of such resources by the operations to ensure timely and accurate reporting of fund receipts and disbursements (Recommendation No. AE1998/86/1/009 and 010).

Recommendation 4. OHCHR management should ensure that posts are classified properly when establishing field missions and that staff rules and regulations are consistently applied. Greater attention should also be given to establishing a broader base of qualified candidates for mission appointment and improving screening procedures for their selection (Recommendation No. AE1998/86/1/012).

OHCHR management informed OIOS that the United Nations High Commissioner for Human Rights has recently decided to establish an advisory panel on personnel at OHCHR headquarters to advise her on selection, promotion and other personnel actions. Local panels with a similar mandate are also being established at OHCHR field offices.

Recommendation 5. The OHCHR Administrative Section should establish proper accountability over the procurement and use of fuel to avoid pilferage in ongoing and future missions. It should also issue clear guidelines regarding procurement on an immediate operational requirement basis and the use of air freight for shipments (Recommendation No. AE1998/86/016).

Recommendation 6. The OHCHR Administrative Section should establish necessary controls in all field operations to properly account for OHCHR property. This should include ensuring that all cases involving the loss or damage of equipment are regularly presented to the appropriate local and Headquarters-level property survey boards for review (Recommendation No. AE1998/86/1/018 and 020).

Recommendation 7. OHCHR management should establish a uniform policy and procedures concerning the recovery of private telephone charges in field operations (Recommendation No. AE1998/86/1/025).

Recommendation 8. OHCHR management should document the lessons learned from the

liquidation of the Rwanda Operation, giving particular attention to preparing liquidation plans well in advance and ensuring the adequacy of procedures for archiving relevant documents and records. In addition, the reasons for all significant overexpenditures should be determined at the end of operations (Recommendation No. AE1998/86/1/027).

38. *Other corrective actions taken by OHCHR to date included*:

- *Preparation of a revised Memorandum of Understanding with the United Nations Office for Project Services incorporating pertinent audit observations and lessons learned;*
- *Preparation of a set of "Guidelines for field staff of OHCHR" which addresses the issues raised by the auditors;*
- *Dissemination of instructions to OHCHR field offices concerning finance, personnel administration, property control and preparations for office liquidations.*

39. During the finalization of the present report, OIOS received additional comments from the High Commissioner for Human Rights further elaborating on the steps taken or planned to implement the OIOS recommendations. These comments are contained in their entirety in the annex to this report.

(*Signed*) Hans Corell
Under-Secretary-General, Overseer
Office of Internal Oversight Services

Notes

[1] The recommendations have been modified where appropriate to reflect the comments of management of the Office of the High Commissioner. However, the recommendation numbers shown in parentheses were taken from the recommendations as presented in the original audit report.

Annex

Observations of the Office of the United Nations High Commissioner for Human Rights

Introduction

The Office of the United Nations High Commissioner for Human Rights (OHCHR) is evolving from the mainly servicing nature of the previous Centre for Human Rights into an operational entity. The Human Rights Operation in Rwanda was initiated by the first United Nations High Commissioner for Human Rights in the very first weeks of his assumption of office. It was the first ever field operation run by OHCHR. The Rwanda operation has been an important learning experience. It was evident that the basic infrastructure, ground rules and controls for the establishment of field operations had to be established from scratch.

The Office of the High Commissioner was keen to obtain lessons from this operation. This is why the current High Commissioner initiated the request for an audit of the Rwanda operation. OHCHR recognizes that, although fraud is not an issue in the report of the auditors, errors of judgement were, and that administrative support and control procedures were not up to standard. The Office of the High Commissioner has already undertaken most of the corrective measures required for such operations and is determined to complete this process. A number of steps have also been taken to pursue recovery of funds where these were outstanding from partner organizations or officials still in service.

The steps taken or planned by OHCHR are summarized below.

Recommendation 1: OHCHR management should:

(a) Establish systems to regularly monitor and review the effectiveness of the internal controls for field operations;

(b) Develop a structured briefing programme on internal controls for the chiefs of administration of OHCHR operations and provide briefings before these individuals are sent to the field.

Action taken:

(a)

(i) OHCHR has established a special Field Support and Logistics Unit within its Administrative Section, with a mandate to closely liaise with, monitor and support field offices;

(ii) OHCHR is strengthening the staffing of the Finance Unit in the Administrative Section by assigning new and carefully selected competent personnel in response to the comments made in the Rwanda audit, as well as to recommendations made by OIOS in other reviews of OHCHR;

(iii) OHCHR is working on a revised memorandum of understanding with the United Nations Office for Project Services, wherein financial control and reporting will be strengthened and the submission of monthly financial statements by the Office for Project Services will become mandatory. This draft memorandum, which will replace an existing memorandum, will be reviewed by the United Nations Controller, OIOS and the United Nations Office at Geneva, prior to its proposal to the United Nations Office for Project Services.

(b) OHCHR has decided that all future assignments of administrative personnel to field offices will be preceded by a week-long briefing and induction at OHCHR headquarters, during which the importance of strict control over assets and resources will be emphasized. A programme of visits by key Administrative Section staff to field offices is also being implemented.

Recommendation 2: OHCHR management should reassess its system for reviewing, recording and reporting field operation financial data and should establish procedures to clarify the certification process. OHCHR management should also coordinate with UNDP and other United Nations agencies that provide administrative and financial services to OHCHR field operations in developing procedures to improve internal controls

over the processing and reporting of OHCHR field transactions.

Action taken:

(i) OHCHR established an audit implementation team, including an experienced finance officer, which has made a significant contribution towards the management of financial data, both by briefing the staff on the spot, as well as by drafting a chapter on budget and finance for a publication entitled "Guidelines for field staff of OHCHR", which has been sent to all field offices in provisional form for information, guidance and comments before being finalized.

(ii) On 20 March 2000, OHCHR issued an administrative guideline on administration and finance to all chiefs of field offices, project officers and administrative staff containing, inter alia, *detailed instructions on the designation and role of certifying and approving officers. This guideline is part of the contents of the Guidelines mentioned in sub-paragraph (i) above.*

Action in the pipeline:

OHCHR is acutely conscious of the need to improve financial cooperation with UNDP and the United Nations Office for Project Services. It is therefore pursuing efforts towards this end by preparing and negotiating formal arrangements with these agencies. It also intends to closely monitor and follow up on such financial reporting with relevant agency officials at their New York headquarters and their offices in Geneva, as well as in the field.

Recommendation 3: OHCHR management should instruct all field operations on the recording and use of resources and should regularly review the administration of such resources by the operations to ensure timely and accurate reporting of fund receipts and disbursements.

Action taken:

OHCHR administrative guideline of 20 March 2000, mentioned under recommendation No. 2 (ii) above, contains information on the recording, use and reporting of financial resources. A second administrative guideline on acceptance of voluntary contributions was issued and distributed to field offices on 28 January 2000.

Actions in the pipeline:

(i) The "Guidelines for field staff of OHCHR" contains the above two guidelines.

(ii) Future agreements/memoranda of understanding with UNDP and the United Nations Office for Project Services will reflect these principles and their observance will be closely monitored by OHCHR.

Recommendation 4: OHCHR management should ensure that posts are classified properly when establishing field missions and that staff rules and regulations are consistently applied. Greater attention should also be given to establishing a broader base of qualified candidates for mission appointment and improving screening procedures for their selection.

Action taken:

Guidance on the classification of posts and on the appointment and management of staff in accordance with the Staff Rules is included in the "Guidelines".

Action in the pipeline:

The proposed draft revised memorandum of understanding with the United Nations Office for Project Services contains a detailed breakdown of responsibilities in respect of recruitment and personnel administration. Project posts filled by the Office for Project Services will also be classified and graded by that Office. Personnel rosters of qualified and experienced field staff will be maintained by OHCHR.

Recommendation 5: The OHCHR Administrative Section should establish proper accountability over the procurement and use of fuel to avoid pilferage in ongoing and future missions. It should also issue clear guidelines regarding procurements made on an immediate operational requirement basis and for shipments by air.

Action taken:

This recommendation has been implemented by the inclusion of relevant instructions in the "Guidelines".

Recommendation 6: The OHCHR Administrative Section should establish necessary controls in all field operations to properly account

for OHCHR property. This should include ensuring that all cases involving the loss or damage of equipment are regularly presented to the appropriate local and Headquarters-level property survey boards for review.

Action taken:

OHCHR informed all chiefs of field offices, by a memorandum of 10 December 1999, of the critical observations made by internal and external auditors over the long delays in writing off non-expendable property that had become unserviceable.

As OHCHR and its field offices are not delegated the authority by the Controller to conduct property survey boards, chiefs of field offices were instructed to submit their write-off cases to the UNDP local property survey board in the format required by UNDP rules and regulations. They were furthermore instructed to provide the Administrative Section of OHCHR with information regarding the designated staff member responsible for maintenance of the inventory and for receipt and inspection functions, an updated inventory and records of meetings and decisions of the local property survey boards on write-off cases. This information is now being processed into OHCHR central records.

Action in the pipeline:

An administrative guideline on inventory management and local property survey boards is part of the "Guidelines for field staff of OHCHR".

Recommendation 7: OHCHR management should establish a uniform policy and procedures concerning the recovery of private telephone charges in field operations.

Action taken:

(i) OHCHR has ascertained that, in fact, regular recoveries of charges for private telephone calls were pursued from Rwanda for the years 1996, 1997 and 1998;

(ii) OHCHR issued an administrative guideline on 28 January 2000 containing instructions for a uniform policy and procedures concerning such recoveries.

Action in the pipeline:

The Administrative Guideline mentioned under recommendation 7 (ii) above will feature in the "Guidelines".

Recommendation 8: OHCHR management should document the lessons learned from the liquidation of the Rwanda Operation, giving particular attention to preparing liquidation plans well in advance and ensuring the adequacy of procedures for archiving relevant documents and records. In addition, the reasons for all significant overexpenditures should be determined at the end of operations.

Action taken:

OHCHR has since sent to all field offices, on 28 January 2000, a guideline entitled "Guidelines on readiness requirements and procedures to be followed in case of possible withdrawal and liquidation of a human rights field office", attaching a document issued by the Department of Peacekeeping Operations/Field Administration and Logistics Division, which provides comprehensive guidance on the subject matter. The guideline took into account audit observations and recommendations, as well as the experiences of OHCHR during the liquidation of the Human Rights Field Operation in Rwanda.

Action in the pipeline:

The above annex will be reproduced in the "Guidelines for field staff of OHCHR".